

**MINUTES OF REGULAR MEETING
OPEN SESSION
ILLINOIS GAMING BOARD
SEPTEMBER 15 and 17, 2008
ELGIN, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

On Monday, September 15, 2008 a Regular Meeting of the Illinois Gaming Board ("Board") was held in the conference room of the Gaming Board Offices on the 3rd floor at 160 N. LaSalle, Chicago, Illinois. At 9:30 a.m. the meeting was called to order. All Board Members were present. At 9:35 a.m. Member Gardner made a motion to go into closed session which was seconded by Member Winkler and the Board was in Closed Session at 9:37 a.m. At 1:00 p.m. the Board returned to Open Session and recessed until September 17, 2008 at 10:00 a.m.

On Wednesday, September 17, 2008 at the Grand Victoria Casino in Elgin, Illinois at 10:00 a.m. the following Board Members were present: Chairman Aaron Jaffe, Members Charles Gardner, Eugene Winkler, Joseph Moore and James Sullivan.

At 10:05 a.m. on Wednesday September 17, 2008, Chairman Jaffe called the meeting to order. Pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Winkler moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

1. **Pending Litigation and matters involving probable litigation;**
2. **Investigations concerning applicants and licensees;**
3. **Personnel matters; and**
4. **Closed session minutes.**

Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote. The Board remained in Closed Session until approximately 10:20 a.m. The Board went into open session at 10:30 p.m.

APPROVAL OF MINUTES

Member Moore moved that **the Board approve the closed session minutes of its Regular Meeting of August 12, 2008.** Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

Member Moore moved that **the Board approve the open session minutes of its Regular Meeting of August 12, 2008.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

BOARD POLICY ITEMS

Section 3000.600 – Voucher Downloading - Second Notice Filing and Adoption Upon Approval from JCAR

Member Moore moved that **the Board authorize staff to submit proposed revisions to section 3000.600 of the Adopted Rules for Second Notice Filing.**

Further, Member Moore moved that **the Board authorize the final adoption and publishing of the above-referenced section, provided no material changes are made during the Second Notice process.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

Section 3000.636 – Electronic Credits - Second Notice Filing and Adoption Upon Approval from JCAR

Member Moore moved that **the Board authorize staff to submit proposed revisions to section 3000.636 of the Adopted Rules for Second Notice Filing.**

Further, Member Moore moved that **the Board authorize the final adoption and publishing of the above-referenced section, provided no material changes are made during the Second Notice process.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

Sections 3000.100, 3000.660, 3000.661 and 3000.670 – Remote Access - Second Notice Filing and Adoption Upon Approval from JCAR

Member Moore moved that **the Board authorize staff to submit proposed revisions to sections 3000.100, 3000.660, 3000.661 and 3000.670 of the Adopted Rules for Second Notice Filing.**

Further, Member Moore moved that **the Board authorize the final adoption and publishing of the above-referenced sections, provided no material changes are made during the Second Notice process.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

CHAIRMAN'S REPORT/COMMENTS – no motion

Charles Protel and David Luwisch with Credit Suisse gave a brief update on the applications for the 10th license. Over 100 parties are in contact with Credit Suisse, with 60 applications distributed. All applications have to be submitted by October 14, 2008 at 5:00 p.m. Some parties have inquired about forming partnerships for the proposal submission process.

On October 15 all applicants and sites will be announced. Within 10 days of the finalists being selected, those finalists must present their plans in open session to the Board and public.

BOARD MEMBERS' COMMENTS – no motion

ADMINISTRATOR’S REPORT – no motion

Administrator Mark Ostrowski reported that a compliance meeting was held at the Par-A-Dice Casino with the compliance teams and IGB staff from all the casinos regarding efforts to advance the technology of the casinos.

OWNER LICENSEE ITEMS

- Grand Victoria Casino – License Renewal

Grand Victoria Casino
License Renewal Presentation
Narrator’s Script

Since its opening 14 years ago, the Grand Victoria Casino has worked hard to become the embodiment of the original vision for riverboat casinos in Illinois. We are a first-class entertainment destination that is a business leader in our host community of Elgin. We are an employer of choice. And we are leaders in the gaming industry in Illinois in both revenue generation and charitable giving.

By focusing on guest comfort and experience, Grand Victoria has become the top-rated casino in Illinois and has been voted Chicagoland’s “Best Casino” four years running by readers of Casino Player magazine.

Our guests are welcomed by the beautiful 80,000 square foot Grand Victoria Pavilion, which offers three award-winning restaurants, retail shopping, banquet facilities, and a full-service bar. And once inside the casino, guests can enjoy over 30,000 square feet of gaming excitement, with over 1,100 slot and video machines and a variety of table games. Grand Victoria was the first to offer services and amenities such as free parking and free admission to its guests, prompting other casinos to follow suit.

Once a thriving manufacturing town and home for more than 100 years to the famed Elgin National Watch Company, by the early 1990s Elgin’s days of prosperity seemed long past.

Much of the riverfront, including the site of the riverboat, was contaminated by previous users. The city’s infrastructure and downtown had suffered and unemployment was on the rise. However, the City had an ambitious Downtown Redevelopment Plan that included converting South Grove Avenue into an entertainment district. The award of the final gaming license to Elgin was the catalyst that finally put this plan into motion. The results have been nothing short of extraordinary.

Grand Victoria has become a major economic force in the state of Illinois and brings in about 2.5 million visitors a year. The highest gross revenue generating casino in Illinois, Grand Victoria has attracted over 44 million guests and generated over \$1.6 billion in gaming tax revenue for the state of Illinois since opening on October 6, 1994.

In addition to generating state taxes, Grand Victoria is also an important source of revenue for local government. Since 1994, Grand Victoria has generated over \$277 million in gaming tax revenue for the city of Elgin.

These dollars have supported a number of projects in Elgin, including downtown revitalization and the much needed building and maintenance of city infrastructure such as roads, schools, libraries, police and fire stations, recreation centers, parks, and bike trails.

In 1996 Grand Victoria made an extraordinary commitment intended to impact Illinois well into the future. Our commitment to set aside 20% of net profits to benefit education, economic development, and environmental causes has had wide reaching consequences in Elgin, Kane County, and Illinois.

Approximately one-third of this commitment is provided annually to Kane County to support programs in the target areas. The remaining funds are put to work by the Grand Victoria Foundation, a registered private foundation headquartered in Chicago, and staffed independently by a dedicated team of professionals.

Since its inception, Grand Victoria Foundation has initiated innovative partnerships around the state and contributed over \$94.2 million in grants to address issues related to early childhood education, workforce development and land use and protection. This includes helping protect thousands of acres of important natural areas across the state and pioneering workforce development programs in three Illinois regions to assist low-wage workers with the training they need to gain higher paying jobs.

Grand Victoria's community involvement goes further still. Our employees give a great deal of time back to the community. In 2007 alone, Grand Victoria employees contributed over 10,000 hours to charitable and civic organizations such as United Way, Habitat for Humanity, the Well Child Center and the annual employee blood and holiday toy drives. Salaried staff and management teams are also encouraged to volunteer and several serve on the boards of local charities and community organizations.

While Grand Victoria is extremely proud of our contributions to local government and community organizations, we're also proud of our impact on other area businesses. By supporting local and minority-owned vendors, we help foster entrepreneurship and have helped stabilize and diversify the local economy.

We have been a member of the Chicago Minority Business Development Council since 2002, and we actively seek out local minority and women-owned companies to do business with. Grand Victoria was the first casino in Illinois to initiate a diversity networking event, which was designed to bring together minority and women-owned businesses and purchasing agents from the gaming industry.

Our most recent Diversity Networking Event, held on August 6, 2008, was a huge success. It featured 54 exhibitors, 50 of which were first-time exhibitors at a diversity networking event. Grand Victoria will be including at least nine of these exhibitors in future bid processes. Another way Grand Victoria has made a significant impact in the community is through our hiring practices and the outstanding work environment we provide for our employees. With over 1,240 employees, Grand Victoria is now one of the largest employers in Elgin, and is committed to being an employer of choice.

Grand Victoria provides a number of unique benefits for its employees, including an HMO health plan that costs only \$1 per paycheck for every single employee; a minimum of one hour paid break time during an employee's shift; a free meal on each shift in the employee dining room; and tuition reimbursement of \$1,000 per semester, per employee—about 70% of which has gone to minority employees.

Grand Victoria is extremely proud of our team and its diversity, which reflects the ethnicity of our area.

Women and minorities make up 73% of Grand Victoria's total workforce, and 48% of our management team. Ongoing employee training programs, diversity initiatives and English as a Second Language classes encourage advancement for Grand Victoria employees. Grand Victoria also works closely with the Illinois Department of Human Services to fill positions with disabled individuals.

Because Grand Victoria's success ultimately depends on the success of its employees, we have a policy of promoting excellence from within. Employees are encouraged to take on new responsibilities and are given the tools and training they need to advance into management positions.

Through a partnership with Elgin Community College's English as a Second Language program and a tuition reimbursement benefit, Grand Victoria has helped hundreds of employees achieve their personal and professional goals.

Since opening in 1994, Grand Victoria has established an ongoing internship program for Elgin Community College's culinary management program, which has been an excellent employment resource for Elgin Community College students.

Grand Victoria understands a gaming license is a privilege and is committed to complying with all rules and regulations set by the state of Illinois in order to maintain the integrity of gaming at Grand Victoria. Grand Victoria Casino has a comprehensive vendor due diligence process and investigates 100% of its prospective vendors. We uphold Illinois' Statewide Voluntary Self-Exclusion Program for Problem Gamblers, and provide resources and information about responsible gaming to all patrons and employees.

Grand Victoria's policy on problem and underage gambling is addressed during new hire orientation and annual reorientation classes. Employees are trained and given cash rewards for identifying and reporting excluded patrons. The security staff goes through annual ID training in

order to better identify Self-Exclusion Program violators and underage patrons attempting to enter the casino.

Grand Victoria has made a tremendous difference to the city of Elgin, Kane County and the state of Illinois. Grand Victoria is committed to doing everything it can to make the Elgin community a great place to visit and an even better place to live.

Members Winkler, Gardner and Moore commented on the presentation. The Board Members stated that the presentation was very thorough and well done. The presentation covered all the key points in the topics that the Board is interested.

After the presentation Pete Liguori – Chairman of the Executive Committee, Randall Roberts – Director of Operations and Jim Thomason, General Manager were available for any questions or comments.

- Penn National Gaming – Request for Approval to Issue Preferred Stock and to Withdraw Certain Key Person Designations

Based on staff's investigation, Member Sullivan moved to **approve Penn National Gaming, Inc.'s request to issue 12,500 shares of Series B, Zero Coupon, Redeemable Preferred Stock due in 2015.**

Further, Member Sullivan moved to **withdraw the June 24, 2008 findings of suitability made on behalf of the following entities and persons:**

1. PNG Holdings, LLC;
2. Managing Member, PNG Holdings, LLC;
3. PNG Acquisition Company, Inc.;
4. Randal A. Nardone;
5. Robert I. Kaufman;
6. William B. Donigen;
7. Jeffrey H. Aronson;
8. Mark T. Gallogly, and
9. Steven Price.

Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

- Elgin Riverboat Resort d/b/a Grand Victoria Casino – Terrence X. Pirtle, Internal Auditor – Level One

Based on staff's investigation and recommendation, Member Sullivan moved that **the Board approve Terrence X. Pirtle as an Occupational Licensee Level 1 in the position of Internal Auditor at the Elgin Riverboat Resort d/b/a Grand Victoria Casino.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

OCCUPATIONAL LICENSES APPROVALS & DENIALS – LEVEL 2’S & 3’S –

Based on staff's investigation and recommendation, Member Winkler moved that **the Board approve 50 applications for an Occupational License, Level 2, and 94 applications for an Occupational License, Level 3.**

Further, Member Winkler moved that **the Board direct the Administrator to issue a Notice of Denial to the following individuals who received notice that staff intended to recommend denial and either did not respond or provide additional information to rebut the recommendation.**

1. **Gary Steward;**
2. **Kris A. Yancy;**
3. **Neal Burns and**
4. **Serge Gbae.**

Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

Member Gardner moved that **the Board approve the application for an occupational license Level 2 for Robert A. Zimmerling.** Member Winkler seconded the motion. Member Moore voted in favor of the motion. Members Jaffe and Sullivan voted opposed to the motion. The motion passed 3 to 2.

PROPOSED COMPLAINTS AND DISCIPLINARY ACTIONS –

- Michael Mix – Occupational Licensee

Based on staff's investigation and recommendation, Member Moore moved that **the Board issue a Disciplinary Complaint against Michael Mix, an occupational licensee, for failing to disclose a July 7, 2008 arrest.**

Further, Member Moore moved that **the Board suspend Michael Mix's occupational license for 5 days without pay. Said action to take effect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

- Miranda Rodeghero – Occupational Licensee

Based on staff's investigation and recommendation, Member Sullivan moved that **the Board issue a Disciplinary Complaint against Miranda Rodeghero, an occupational licensee, for failing to disclose a June 28, 2008 arrest.**

Further, Member Sullivan moved that **the Board suspend Miranda Rodeghero's occupational license for 5 days without pay. Said action to take effect twenty-one**

(21) days from the date of service of the complaint unless the licensee files an Answer within that time period. Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

- Richard A. Whitley – Occupational Licensee

Based on staff's investigation and recommendation, Member Winkler moved that **the Board issue a Disciplinary Complaint against Richard A. Whitley, an occupational licensee, for failing to disclose a June 1, 2008 arrest and a July 21, 2008 conviction.**

Further, Member Winkler moved that **the Board suspend Richard A. Whitley's occupational license for 10 days without pay. Said action to take effect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

- Kirk Beissmann - Occupational Licensee

Based on staff's investigation and recommendation, Member Gardner moved that **the Board issue a Disciplinary Complaint against Kirk Beissmann, an occupational licensee, for receiving a \$200 tip and keeping it for himself instead of keeping the tip visible and depositing it into the tip box.**

Further, Member Gardner moved that **the Board revoke Kirk Beissmann's occupational license. Said action to take effect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Moore seconded the motion. The Board approved the motion unanimously by roll call vote.

- Octavia Dunn – Occupational Licensee

Based on staff's investigation and recommendation, Member Moore moved that **the Board issue a Disciplinary Complaint against Octavia Dunn, an occupational licensee, for altering several checks and taking approximately \$1200 from her cage cashier's drawer on August 11, 2008.**

Further, Member Moore moved that **the Board revoke Octavia Dunn's occupational license. Said action to take effect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

- Jimmy Massey - Occupational Licensee

Based on staff's investigation and recommendation, Member Sullivan moved that **the Board issue a Disciplinary Complaint against Jimmy Massey, an occupational**

licensee, due to his reporting for work under the influence of drugs on January 31, 2008, his admission to the Paducah, Kentucky police that he was attempting to buy crack cocaine in Paducah on or about November 25, 2007, his failure to truthfully answer questions posed by the IGB about the November 25, 2007 incident and , additionally, due to the fact that Massey's August 28, 2008 conviction for driving under the influence of drugs constitutes his fifth DUI.

Further, Member Sullivan moved that **the Board revoke Jimmy Massey's occupational license. Said action to take effect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

- Amanda Hughes – Occupational Licensee

Based on staff's investigation and recommendation, Member Winkler moved that **the Board issue a Disciplinary Complaint against Amanda Hughes, due to her conduct as a blackjack dealer on January 21st and 27th, 2007 during which she failed to clear her hands when leaving the table but rather, on both occasions, moved her closed, right hand immediately from the table chip tray to her right hip pocket.**

Further, Member Winkler moved that **the Board revoke Amanda Hughes' occupational license. Said action to take effect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

Member Gardner asked if the above dates of the two occurrences are correct and Chief Counsel Fries stated that they indeed were correct.

- NRT Technology Corporation – Supplier Licensee

Based on staff's investigation and recommendation Member Gardner moved that **the Board issue a Disciplinary Complaint against NRT Technology Corporation, a supplier licensee due to NRT's failure to timely file with the Board its 2008 annual submission.**

Further, Member Gardner moved that **the Board impose a fine of \$5,000 on NRT Technology Corporation. Said action to take effect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Moore seconded the motion. The Board approved the motion unanimously by roll call vote.

Administrator Ostrowski stated that the investigative staff performing the updates are operating on very structured schedules and any updates in information not provided in a timely manner is upsetting to those schedules. Therefore it is very important that all renewal and update

information is provided to the Gaming Board staff in a timely manner with adequate response time given for requests for extensions.

ADJOURNMENT -

At 11:20 a.m. Member Winkler motioned to reconvene into closed session while Member Gardner seconded the motion. All Members voted in favor to reconvene to closed session.

Respectfully submitted,

Mary C. Boruta
Secretary to the Administrator